

Message Text

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C O N F I D E N T I A L HONG KONG 3794

E.O. 11652: XGDS-2
TAGS: EEWT, PEPR, EFIS, VM, FR
SUBJ: OBSERVATIONS ON VIETNAM

1. SUMMARY: FRENCH/VIETNAMESE RELATIONS ARE STRAINED. FRENCH BUSINESSMEN ARE RAPIDLY LOSING INTEREST IN VIETNAM AND A FRENCH PROJECT FOR A MULTIMILLION STEEL PLANT HAS BEEN CANCELLED. THE VIETNAMESE FISHING INDUSTRY REMAINS STAGNANT. END SUMMARY

2. A FRENCH BUSINESSMAN WITH CONSIDERABLE EXPERIENCE IN COMMUNIST VIETNAM COMMENTED TO CONGENOFF ON A RECENT TRIP TO HANOI AND SAIGON.

3. FRENCH/VIETNAMESE RELATIONS. FRENCH RELATIONS WITH VIETNAM HAVE FALLEN TO THE LOWEST POINT SINCE THE COMMUNIST TAKEOVER. PART OF THIS DETERIORATION WAS CAUSED BY THE SUDDEN CANCELLATION IN JANUARY OF FOREIGN MINISTER DE GUIRIGAUD'S VISIT TO VEITNAM. THE SITUATION WAS FURTHER AGGRAVATED WHEN FRANCE FAILED TO SUPPORT VIETNAM'S PROTEST OVER THE
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OUSTER OF VIETNAM'S AMBASSADOR TO THE UNITED NATIONS. AT A COCKTAIL PARTY FOR BUSINESSMEN IN HANOI HELD IN EARLY FEBRUARY AT THE FRENCH EMBASSY, THE VIETNAMESE FAILED TO SHOW UP. BUSINESSMEN ARE EXPERIENCING DIFFICULTY IN ARRANGING APPOINTMENTS WITH VIETNAMESE OFFICIALS.

4. FRENCH COMMERCIAL INTERESTS IN VIETNAM. FRENCH FIRMS

ARE RAPIDLY LOSING INTEREST IN THE NEW VIETNAM. ONE FIRM FRUSTRATED BY A SERIES OF BUREAUCRATIC OBSTACLES FINALLY ABANDONED INVESTMENT PLANS WHEN THE VIETNAMESE REFUSED TO ALLOW TELEX FACILITIES TO BE ESTABLISHED WITH THE COMPANY. THE RENAULT BICYCLE OPERATION IS REPORTEDLY AT A STANDSTILL BECAUSE THE VIETNAMESE HAVE NOT BEEN ABLE TO PROVIDE THE BASIC FRAMES CALLED FOR UNDER THE PROJECT AGREEMENT. AFTER A LONG SERIES OF UNPRODUCTIVE NEGOTIATIONS THE CREUZOT LOIRE MULTIMILLION DOLLAR STEEL MILL PROJECT HAS BEEN CANCELLED. A REPRESENTATIVE OF AGIP OIL REPORTEDLY STATED THAT HE WAS SCHEDULED TO SIGN A FINAL OIL DEVELOPMENT AGREEMENT WITH THE VIETNAMESE IN DECEMBER WHICH WAS POSTPONED AND HE RETURNED AGAIN IN JANUARY WITH NO BETTER RESULTS. INFIGHTING AMONG THE SRV BUREAUCRACY IS REPORTED TO BE ESPECIALLY BAD WITH THREE OR FOUR DIFFERENT BUREAUS BICKERING OVER WHO IS SUPPOSED TO NEGOTIATE CONTRACTS WITH EACH FOREIGN FIRM.

5. FISHING INDUSTRY. THE FISHING INDUSTRY REMAINS STAGNANT, A CONDITION THE BUSINESSMAN ATTRIBUTED TO PROBLEMS CAUSED BY LACK OF FUEL, LOSS OF BOATS AND SECURITY CONTROLS. HE OBSERVED SEVERAL VILLAGES WHERE THE PROPELLERS HAD BEEN REMOVED FROM FISHING BOATS. HE WAS TOLD THIS WAS DONE TO PREVENT ESCAPES. DURING ONE BOAT TRIP IN THE SOUTH HE NOTED THERE WAS NOT A SINGLE SHRIMP BOAT AT SEA AND THIS WAS DURING THE HEIGHT OF THE SEASON.
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MANY BOATS ARE REPORTEDLY SOLD TO PEOPLE RUNNING ESCAPE OPERATIONS AND STATE-CONTROLLED FISH PRICES ARE TOO LOW TO COVER OPERATING COSTS. JAPAN, HERETOFORE A MAJOR CONSUMER OF VIETNAM'S FISH, IS REPORTEDLY LOSING INTEREST IN THIS MARKET.
SHOESMITH

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